

110TH CONGRESS  
1ST SESSION

# H. R. 1412

To establish a temporary program under which emergency loans are made to small businesses that are nonprofit child care businesses.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2007

Mr. JEFFERSON (for himself, Mr. TAYLOR, Ms. NORTON, Mr. ELLISON, and Ms. CORRINE BROWN of Florida) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To establish a temporary program under which emergency loans are made to small businesses that are nonprofit child care businesses.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Emergency Child Care  
5       Lending for the Gulf Coast Act of 2007”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

8               (1) The Census reported pre-Katrina that there  
9       were—

1 (A) 25,000 two-parent families in New Or-  
2 leans with children under 18;

3 (B) 26,000 female householders with chil-  
4 dren under 18, and no husband present; and

5 (C) more than 18,000 householders who  
6 were more than 65 years old and living alone.

7 (2) Studies have stated that reopening child  
8 care facilities was crucial for helping parents get  
9 back to work and businesses to recover.

10 (3) Studies have shown that without available  
11 and affordable child care economic recovery will be  
12 greatly impeded and lead to a reduction in worker  
13 productivity.

14 (4) In New Orleans before the Hurricanes  
15 Katrina and Rita, the city had 1,912 day-care slots  
16 at 266 licensed centers, but now 80 percent of those  
17 centers and 75 percent of those slots are gone.

18 (5) The National Association of Child Care Re-  
19 source and Referral Agencies reported in a study  
20 published by the Mississippi State University Early  
21 Childhood Institute that between 62 percent to 94  
22 percent of the licensed child care slots in the three  
23 coastal counties hardest hit by Hurricanes Katrina  
24 and Rita in Mississippi were lost.

1           (6) In Jackson County, Mississippi, initial as-  
2           sessment found that one-fourth of the county's li-  
3           censed centers were damaged beyond repair, rep-  
4           resenting 11 percent of the county's licensed child  
5           care capacity and another 39 percent of centers  
6           needed repairs.

7           (7) Studies have stated the most effective way  
8           to rebuild the child care infrastructure is to—

9                   (A) help child care programs in the dis-  
10           aster area reopen as rapidly as was safe by giv-  
11           ing priority to licensed early childhood facilities;  
12           and

13                   (B) recruit, train, and retain child-care  
14           professionals.

15 **SEC. 3. EMERGENCY CHILD CARE LENDING PILOT PRO-**  
16 **GRAM.**

17           (a) **LOANS AUTHORIZED.**—Notwithstanding section  
18 502(1) of the Small Business Investment Act of 1958, the  
19 proceeds of any loan described in section 502 of such Act  
20 may be used by the certified development company to pro-  
21 vide loans to small, nonprofit child care businesses, pro-  
22 vided that—

23                   (1) the loan will be used for a sound business  
24           purpose that has been approved by the Adminis-  
25           trator of the Small Business Administration (here-

1 after in this section referred to as the Adminis-  
2 trator);

3 (2) each such business meets the eligibility re-  
4 quirements applicable to for-profit businesses receiv-  
5 ing a similar loan, except for status as a for-profit  
6 business;

7 (3) 1 or more individuals have personally guar-  
8 anteed the loan;

9 (4) the small, non-profit child care business has  
10 clear and singular title to the collateral for the loan;

11 (5) the small, non-profit child care business has  
12 supplied sufficient information supporting the ability  
13 to obtain future cash flow from its operations to  
14 meet its obligations on the loan and its normal and  
15 reasonable operating expenses; and

16 (6) have a track record of providing child care  
17 services in the presidentially declared disaster areas  
18 in the Gulf Coast region.

19 (b) LIMITATION ON VOLUME.—Not more than 3 per-  
20 cent of the total number of loans guaranteed in fiscal year  
21 2008 and 2009 under title V of the Small Business Invest-  
22 ment Act of 1958 may be awarded under the program de-  
23 scribed in this section.

1 (c) SMALL, NON-PROFIT CHILD CARE BUSINESS.—

2 For purposes of this section, the term “small, non-profit  
3 child care business” means an organization that—

4 (1) is described in section 501(c)(3) of the In-  
5 ternal Revenue Code of 1986 and exempt from tax  
6 under section 501(a) of such Code;

7 (2) is primarily engaged in providing child care  
8 for infants, toddlers, pre-school, or pre-kindergarten  
9 children (or any combination thereof), may provide  
10 care for older children when they are not in school,  
11 and may offer pre-kindergarten educational pro-  
12 grams;

13 (3) including its affiliates, has tangible net  
14 worth that does not exceed \$7,000,000, and has av-  
15 erage net income (excluding any carryover losses) for  
16 the preceding 2 completed fiscal years that does not  
17 exceed \$2,500,000; and

18 (4) is licensed as a child care provider by the  
19 District of Columbia, the insular area, or the State,  
20 in which it is located.

21 (d) TERMINATION.—No loan shall be made under  
22 this section after December 30, 2008.

23 (e) REPORTS.—

24 (1) SMALL BUSINESS ADMINISTRATION.—Not  
25 later than 3 months after the date of the enactment

1 of this Act, and every 3 months thereafter until Sep-  
2 tember 30, 2008, the Administrator shall submit a  
3 report to the Committee on Small Business and En-  
4 trepreneurship of the Senate and the Committee on  
5 Small Business of the House of Representatives re-  
6 garding the implementation of the loan program de-  
7 scribed in this section. Each such report shall in-  
8 clude—

9 (A) the date on which the loan program is  
10 implemented;

11 (B) the date on which the rules are issued  
12 pursuant to subsection (f);

13 (C) the number and dollar amount of loans  
14 under the program applied for, approved, and  
15 disbursed during the previous 3 months; and

16 (D) the number of loans made to minority-  
17 owned firms and to woman-owned firms.

18 (2) GENERAL ACCOUNTING OFFICE.—Not later  
19 than March 31, 2009, the Comptroller General of  
20 the United States shall submit a report to the Com-  
21 mittee on Small Business and Entrepreneurship of  
22 the Senate and the Committee on Small Business of  
23 the House of Representatives regarding the assist-  
24 ance provided under the loan program established by  
25 this section. Such report shall include information

1        regarding the first 2 years of the loan program, in-  
2        cluding—

3                (A) an evaluation of the timeliness of the  
4        implementation of the loan program;

5                (B) a description of the effectiveness and  
6        ease with which certified development compa-  
7        nies, lenders, and small businesses have partici-  
8        pated in the loan program;

9                (C) a description and assessment of how  
10       the loan program was marketed;

11               (D) by location in total, the number of  
12       small, nonprofit child care businesses that—

13                    (i) applied for loans under the pro-  
14       gram (stated separately for new and ex-  
15       panding child care providers); and

16                    (ii) received loan disbursements under  
17       the program (stated separately for new  
18       and expanding child care providers);

19                (E) the total amount loaned to such busi-  
20       nesses under the program;

21                (F) the total number of loans made to  
22       such businesses under the program;

23                (G) the average loan amount and term of  
24       loans made under the program;

1 (H) the currency rate, delinquencies, de-  
2 faults, and losses of the loans made under the  
3 program;

4 (I) the number and percent of children  
5 served through the program who receive sub-  
6 sidized assistance; and

7 (J) the number and percent of children  
8 served through the program who are minority  
9 or low-income.

10 (3) ACCESS TO INFORMATION.—

11 (A) COLLECTION.—The Administrator  
12 shall collect and maintain such information as  
13 may be necessary to carry out paragraph (2)  
14 from certified development centers and child  
15 care providers, and such centers and providers  
16 shall comply with a request for information  
17 from the Administrator for that purpose.

18 (B) PROVISION OF INFORMATION TO  
19 GAO.—The Administrator shall provide informa-  
20 tion collected under subparagraph (A) to the  
21 Comptroller General of the United States for  
22 purposes of the report required by paragraph  
23 (2).

24 (f) RULEMAKING AUTHORITY.—Not later than 60  
25 days after the date of the enactment of this Act, the Ad-



- 1 administrator shall issue final rules to carry out the loan
- 2 program authorized by this section.

